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Satellite System Is Over Budget And in Trouble

By WARREN E. LEARY

A new weather satellite system planned for civilian and military use is behind schedule and billions of dollars over budget because of technical problems and poor management, according to testimony Thursday before the House Science Committee.

Johnnie E. Frazier, the inspector general for the Commerce Department, said managers from agencies involved in the program had failed to respond to problems as they arose and to challenge overly optimistic progress reports from the project director.

In addition, Mr. Frazier said, the program suffered from a flawed contract incentive program that awarded millions in bonus money to the prime contractor, Northrop Grumman Space Technology, even as the satellite system fell months behind schedule and costs grew by \$3 billion or more.

"Despite these problems, the contractor has received \$123 million in incentive payments, 84 percent of the amount available under the contract," Mr. Frazier testified.

He also said senior managers from agencies involved in the program had failed to catch the problem or even meet regularly to assess the program until it became apparent that the problems were so severe the launching of the first satellite would be delayed.

Representative Sherwood Boehlert, the New York Republican who is chairman of the committee, said the satellite program was vital for the nation and was now in danger of cancellation because of mismanagement and neglect. If the satellites are not available to replace older spacecraft as they stop working, Mr. Boehlert said, there could be a gap in coverage.

"A degraded satellite system will cost lives," he said, "whether those are the lives of civilians who do not get the best information about approaching storms or military personnel who lack information on weather patterns that could affect the success of an attack."

The National Polar-orbiting Operational Environmental Satellite System was proposed in 1994 to replace civilian and military weather satellites that orbit over the Earth's poles. These satellites, which complement weather-watching spacecraft that circle above the equator, provide data essential for accurate three-day to seven-day forecasts.

When proposed, the system was to save money by eliminating duplication between civilian and military satellites. It was to cost \$6.5 billion for six spacecraft and have the first operational satellite in space by 2008. Management is shared, with the National Oceanic and Atmospheric Administration of the Commerce Department

having overall control, the Defense Department in charge of acquisition and contracts, and the National Aeronautics and Space Administration leading in testing new technologies.

Last November, the Government Accountability Office released a report to the science committee, calling the satellite project "a program in crisis" that was at least \$3 billion over budget and from 17 months to three years behind schedule.

Conrad Lautenbacher Jr., the administrator of the oceanic and atmospheric administration, told the hearing that the program was being more tightly managed and that his agency had learned from problems of the past.

The program is being reviewed by the Defense Department because costs have risen high enough to trigger mandatory reassessment under a law that requires canceling a project with cost overruns in excess of 25 percent unless it is deemed essential to national security and no cheaper alternatives exist.